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SPECIAL COUNSEL TO THE TRUSTEE

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
AMARILLO DIVISION**

IN RE:

MCCLAIN FEED YARD, INC., et al.,¹

Debtors.

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CASE NO. 23-20084-RLJ-7

Jointly Administered

NO HEARING WILL BE CONDUCTED HEREON UNLESS A WRITTEN RESPONSE IS FILED WITH THE CLERK OF THE UNITED STATES BANKRUPTCY COURT AT 205 SOUTHEAST 5TH AVENUE, ROOM 133, AMARILLO, TEXAS, 79101-1559 BEFORE CLOSE OF BUSINESS ON OCTOBER 2, 2023, WHICH IS AT LEAST 21 DAYS FROM THE DATE OF SERVICE HEREOF.

ANY RESPONSE SHALL BE IN WRITING AND FILED WITH THE CLERK, AND A COPY SHALL BE SERVED UPON COUNSEL FOR THE MOVING PARTY PRIOR TO THE DATE AND TIME SET FORTH HEREIN. IF A RESPONSE IS FILED A HEARING MAY BE HELD WITH NOTICE ONLY TO THE OBJECTING PARTY. IF NO HEARING ON SUCH NOTICE OR MOTION IS TIMELY REQUESTED, THE RELIEF REQUESTED SHALL BE DEEMED TO BE UNOPPOSED, AND THE COURT MAY ENTER AN ORDER GRANTING THE RELIEF SOUGHT OR THE NOTICED ACTION MAY BE TAKEN.

**MOTION FOR APPROVAL OF EXPANDED SCOPE OF EMPLOYMENT
OF SPECIAL COUNSEL FOR TRUSTEE**

TO THE HONORABLE ROBERT L. JONES, BANKRUPTCY JUDGE:

¹ The Debtors in these Chapter 7 cases are: McClain Feed Yard, Inc. (Case No. 23-20084-RLJ), McClain Farms, Inc. (Case No. 23-20085-RLJ), and 7M Cattle Feeders, Inc. (Case No. 23-20086-RLJ)

COMES NOW, Kent Ries, Trustee (“Trustee”) of the referenced Chapter 7 bankruptcy estates, and files this Motion for Approval of Expanded Scope of Employment of Special Counsel for Trustee, and in support thereof would respectfully show unto the Court as follows:

Background

1. Debtors filed for relief under Chapter 7 of the United States Bankruptcy Code on April 28, 2023. Kent Ries was subsequently appointed and qualified to serve as the Trustee over the bankruptcy estate.

2. As discussed in prior pleadings, based upon the Trustee’s investigation thus far, the Debtors’ prebankruptcy operations appear to have constituted a massive fraud involving two cattle operations in Texas (Hereford and Friona) and one in Benton, Kentucky. The asserted unpaid claims exceed \$175M so far, and the Debtors’ records show several hundred million dollars flowing through the Debtors in the 3 years before bankruptcy. These cases will involve over 100 parties and their attorneys based upon the service list thus far.

3. The Debtors’ owner, Mr. McClain, committed suicide on April 18, 2023, less than 2 weeks after the appointment of a Chief Restructuring Officer that was investigating the Debtors’ financial affairs. The Trustee’s investigation thus far, including with the assistance of the pre-bankruptcy CRO, has been considerable and will be ongoing for some time due to, among other things, the Debtors’ poor and unreliable records.

4. The gist of the apparent fraud is that Mr. McClain appears to have raised money from many “investors” located in the Texas Panhandle and Oklahoma, and to have taken other parties’ cattle, sold them out of trust, and failed to remit proceeds from a specific cattle sale to that specific cattle owner. The majority of the cattle shenanigans occurred with respect to cattle at the 2 Texas locations, which is why they had been the focus of the Debtors’ CRO before

bankruptcy. To be clear, the Trustee expects this case to involve claims by dozens of local “investors” and/or cattle owners, as well as possible claims against such parties to the extent they have liability for their participation in a fraudulent enterprise.

Relief requested

5. On June 30, 2023, the Trustee filed a Motion for Approval of Special Counsel for the Trustee seeking to retain Hudson Jobe and the law firm of Quilling, Selander, Lownds, Winslett & Moser, 2001 Bryan Street, Suite 1800, Dallas, TX 75201 (the “Quilling Firm”) as special counsel. The original scope for special counsel was “[a]sset Administration and Liquidation, which includes obtaining and investigating records and other information of the Debtors, investigating and pursuing litigation claims of the Debtors’ bankruptcy estates, and matters that would generally aid in that overall effort of identifying, pursuing, and liquidating assets of the Debtors.”

6. Thereafter, a number of matters have arisen, including notably a Motion to Transfer Venue and associated discovery, as well as considerable investigation and discussions regarding the assertion by 106 claimants of \$122 million of trust claims under 7 U.S.C. § 217(b) (the “Dealer Trust Act”), and various issues and party discussions that arise almost daily on a case of this size. The Trustee is a solo attorney and has required the assistance of additional counsel on these matters, and expects to require the assistance of additional counsel generally in the future of this case.

7. In order to alleviate any arguments or concerns regarding the scope of the Quilling Firm’s engagement and its assistance to the Trustee, the Trustee requests the Court to enter an order expressly enlarging the scope to also include general legal advice and assistance to the Trustee in this case. Although the Trustee continues to use his law firm as general counsel,

the additional support provided by the Quilling Firm is necessary to allow the Trustee to timely and properly fulfill his duties under the bankruptcy code.

WHEREFORE, PREMISES CONSIDERED, Kent Ries, Trustee herein, respectfully prays for an Order of this Court approving the expanded scope of the employment of the Quilling Firm to perform professional legal services in these cases, and for such other relief, at law or in equity, to which the Trustee may show himself justly entitled.

Respectfully submitted,

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By: /s/ Kent Ries
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GENERAL COUNSEL FOR TRUSTEE

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By: /s/ Hudson M. Jobe
Hudson M. Jobe
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SPECIAL COUNSEL TO THE TRUSTEE

CERTIFICATE OF SERVICE

I hereby certify that on September 11, 2023, a true and correct copy of the foregoing was served via the Court's ECF system on the debtor, debtor's counsel, the United States Trustee, and, all parties that have appeared and requested notice via the Court's ECF system.

/s/ Hudson M. Jobe
Hudson M. Jobe